

A Study of the Impact of Urban-Rural Education Gaps on Income Levels in China

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Abstract. The development of higher education and the improvement of education levels is one of the crucial and effective means of balancing urban and rural incomes, and the relationship between education levels and income levels has shown different relationships over time and under distinct economic conditions, thus having certain impacts on policy formulation. The issue of urban-rural income and education gap has received wide attention, but there is still insufficient analysis of the development and interaction between the two. This paper analyzes the relationship between the two and the current problems. The analysis of this paper concludes that the difference between urban and rural education has an impact on people's income levels, and there is an interactive relationship between the two. However, the relationship between the two is not static and will fluctuate due to different factors. In addition, the article describes the problems in the interaction between the two. Based on this, the paper puts forward the following recommendations: adjusting the industrial distribution and reducing the policy priority to cities as well as to the increase of China's urbanization rate.

Keywords: Urban-rural gap, educational equity, income gap.

1. Introduction

Education is one of the fundamental factors of individual growth, education plays a decisive and vital role. To a certain extent, education determines the development opportunities of individual groups, including occupation, income, and respectability. The declaration of the Urban-Rural Integration in China has abolished the urban-rural dichotomy and balancing urban policy priorities. Meanwhile, it symbolizes the direction and ideological transformation of China's system, boosts the equity between urban and rural areas' policies, additionally, prompts the sustainable development of rural areas. Different scholars have analyzed the relationship between the urban-rural education gap and the income gap, as well as the mutual influence of the two, using different models, and have achieved relatively precise and uniform results. Sun Nan analyzes the urban-rural income and education gap via the capital theory [1]. Moreover, the other scholars are focusing on the analysis that combined with reality factors. Liu, et al. evaluate how to improve farmers' agricultural productivity, modernization, and thus incomes, by increasing their educational level through mediation, interaction, and quantile regression models [1]. In conclusion, China's rural population still owns an enormous percentage of the total population, and the urbanization of the rural areas is inevitable. The integration of urban and rural areas is, moreover, China's path to national prosperity and people's happiness.

Based on this, this article explores the relationship and the mutual implication between urban-rural income and the education gap. Furthermore, the contradictions in the development interaction between urban-rural equity in education and urban-rural income disparity with related political recommendations.

2. The Relationship between Urban-Rural Income Gap and Education Equity

2.1. The Interaction between Education and Income Levels

Education determines and limits one's income range and development prospects to a large extent, meaning that the education gap inevitably has a non-negligible impact on the urban-rural divide. The

education level of an individual decides the industry and nature of one's career, to illustrate: manual and non-manual jobs. Even if there is no hierarchy between jobs; however, there is a clear disparity in their incomes. For every one percent increase in the urban-rural education gap, the income gap widens by 6.4 percent, a ratio of one to six [1]. What's more, the urban-rural education gap will also be affected by the education level of urban and rural families and their understanding of the importance of education, in 2016, urban educational expenditure was 2.5 times that of rural areas, in addition, educational expenditures by rural households increased by 6.7% per year, while education investments by urban families increased by 7.8% per year (2003-2016). Therefore, the urban-rural education expenditure ratio has a positive impact on the urban-rural income ratio [2]. Besides that, with every 1% increase in urban households' educational investment, the income ratio of urban-rural residents will increase by 0.39 units, households attach importance to education and the education expenditure is increasing constantly and stably. Even so, urban families' expenditure on education far exceeds that of rural residents, and the gap between urban and rural education has widened further [3].

2.2. Relationship of Cyclical Changes

The relationship between the urban-rural income gap and education equity between urban and rural areas changes cyclically instead of staying constant. The relationship is an inverted u-shape, from positively related to negatively, cyclically. From 1997 to 2000, there was a positive correlation between the urban-rural education gap and the income gap in China while there was a negative correlation from 2001 to 2011, further proving that there is an inverted U-shape between the two [4]. Based on the relevant panel data of 31 provinces in China from 2010 to 2016, it can be further concluded that household education investment has a positive effect on income [4]. Additionally, Sun Nan's analysis of the relationship between urban and rural incomes and the education gap in China's 31 provinces from 2005 to 2009 concludes that an individual fixed-effects regression model can be built between the urban-rural incomes and educational gap [5].

Undeniable, the relationship between the two is closely related to the feather of the region, the relationship between the two under different regional conditions is also significantly different, for instance, Li and Zhao take the northwest region as an example, and analyze the immaterial capital in the northwest region, to conclude that the relationship between the former and the urban-rural income gap has an "inverted U-shape" [6]. Nevertheless, after combining the characteristics of other regions are not 100% consistent with the above relationship.

2.3. Multi-Perspective Analysis

The gap between education and income is not limited to rural and urban areas but is also influenced by other factors. The relationship between education and income gaps is not limited to a linear one but is intertwined with other factors in a spiral. For example, the contribution of agricultural productivity and modernization to higher incomes, and the contribution of gender inequality to financial inequality [7, 8]. Not only that, but social security expenditures also have an impact on the urban-rural income and education gap. Xue, H and Wang, R show that there is shown that China's investment in education resources is unevenly distributed, and is also one of the factors contributing to the widening of the income gap between urban and rural areas [9, 10]. Meanwhile, Li Fengliang, Li Yangyang, and Zhang Shaogang analyzed the return rate of higher education from the perspective of urban-rural and gender differences through the data of the 2010 China Household Dynamic Tracking Survey (CHDTS) and concluded that distance education is the most appropriate, but even so, the return rate in urban areas is still significantly higher than the return rate in rural areas, both offline and online [11]. Moreover, these factors and the relationship between them have been proved one by one by scholars in the field with some accuracy and some credibility.

3. Problems in the Development Interactions between Urban-Rural Income and the Education Gap

3.1. Lack of Relevant Theoretical Research

Due to the maturity of the research in this field, the results are relatively precise and accurate, theoretically. However; only a few scholars combine the regional features, such as conventions, ethical standards, and faiths. More scholars have simply analyzed the geography of urban and rural areas. Furthermore, only very few scholars analyze with the consideration of local and contemporary characteristics. There is no real synthesis and analysis of the opinions and perceptions of rural or urban people from their perspectives. However, people's views and suggestions are the priority in policy making.

3.2. Obstacles in Policy Implementation

Policy formulation is not achieved overnight but is a long-term and lasting process: including problem definition, formulation, adoption, policy implementation, and evaluation. Hence, the policy also faces many problems during its implementation after formulation and modification. To illustrate, in the context of the implementation of a policy of subsidies for students in higher education, subsidies for rural students in higher education can also help reduce the gap between urban and rural education and incomes and avoid an increase in the dropout rate of rural students due to financial reasons. There seems to be a consensus among the parties involved in the development of the policies, but there are still many hidden conflicts of interest and benefits. At the same time, it is unlikely that the implementation of these policies will achieve a 100 percent success rate, negative emotions might appear among those who are not helped. It is counterproductive, discouraging rural students from attending school and widening the gap between urban and rural education [12].

4. Political Recommendations

4.1. Adjusting Industrial Distribution and Reducing Policy Priorities

Nowadays, the flow of people is towards the city, including the talents who have received high-level education from rural areas [4]. The long-term political priority towards the city has widened the urban-rural socio-economic pattern, and high-end advanced industries should be transferred to the countryside, thus increasing the attractions of rural areas for talent [13]. In today's era, with the background of high-tech industries generally concentrated in the city, urban residents to provide adequate employment opportunities and broad prospects for development, and there is such a gap in employment opportunities for the attraction of talent, urban and rural income gap once again will be widened [4]. Meanwhile, after the consideration on the inequality between urban and rural areas, preferential policies should be allowed for rural residents, to enhance the education quality in rural areas, additionally, providing greater access to compulsory education to rural youth, which in turn improves rural incomes [14].

4.2. Boost the Urbanization Rate

Urbanization is one of the most effective ways to abolish the urban-rural dual structure, fundamentally. Prompting the education equity and social thought in China. Currently, policies continue to prioritize cities for heavy industrial development, urbanization will further balance policy priorities between urban and rural areas, improving education and income disparities. Meanwhile, in some regions, urban and rural areas pay for education expenses separately, the already existing urban-rural income gap will further widen the gap between the two. Therefore, increasing the urbanization rate of China's towns and villages through policies will also be one of the effective means to reduce the gap between the two [15]. What's more, increasing the urbanization rate via the adjustment of flows to public education is also feasible. Paying more attention to the investments in basic education

in rural areas, and expenditure on education has been increased [14]. In addition, the progress of social resources transfer to rural areas can be promoted through the improvement of the human capital market, to reduce the gap between urban and rural education, and more importantly, to fundamentally eliminate the geographical differences and reduce the difference between urban and rural development environment [13].

5. Conclusion

This article analyzed and concluded the research on the urban-rural income and education gap from distinct scholars, based on this, policy recommendations are formulated and summarized to improve the urban-rural income and education gap. This article analyzed the relationship between the urban-rural income gap and education inequality, it was concluded that the two of them have a periodic inverted U-shape via concluding the results of different scholars' studies, i.e., a positive correlation first and then a negative correlation. Meanwhile, this study analyzes the mutual impacts between the urban-rural income gap and inequality based on the relationship between the two. This paper argues that urban households invest far more in education than rural households so an increase in household investment in education would instead widen the gap between urban and rural incomes. In addition, this paper argues that there is a lack of analysis of multifactorial and qualitative factors in the study of their developmental interactions and that most scholars in the field have analyzed the relationship and impacts of the two of them using data from different or multiple provinces, but that only few researchers have combined local characteristics and qualitative factors, including the integration of the views of the local people. Overall, this article gives two political recommendations based on other scholars' previous studies: Adjusting industrial distribution reducing policy priorities, and boosting the urbanization rate.

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